

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CORBIN CITY  
SCHOOL DISTRICT**

**County of Atlantic  
Corbin City, New Jersey**

**For The Fiscal Year Ended June 30, 2014**

**SCHOOL DISTRICT  
OF  
CORBIN CITY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CORBIN CITY BOARD OF EDUCATION  
CORBIN CITY, NEW JERSEY  
For The Fiscal Year Ended June 30, 2014**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**

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## **INTRODUCTORY SECTION**

# CORBIN CITY BOARD OF EDUCATION

C/O Ocean City Board of Education  
501 Atlantic Avenue, Suite 1  
Ocean City, New Jersey 08226

Honorable President and  
Members of the Board of Education  
Corbin City School District  
County of Atlantic  
Corbin City, New Jersey

The comprehensive annual financial report of the Corbin City School District (District) for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections:

- The Introductory Section includes this transmittal letter, the District's organizational chart and a roster of officials.
- The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section in which the District is required to undergo an annual single audit in conformity with the Single Audit Act and the U.S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", and State of New Jersey Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1) REPORTING ENTITY AND ITS SERVICES**

The District is a component unit of Corbin City as set forth in Section 2100 of the Governmental Standards Board (GASB). All funds of the District are included in this report. The Corbin City Board of Education and all its schools constitute the District's reporting entity. The District is a Type I District and, as such, meets the criteria to be considered a component unit of Corbin City. However, the City reports on a regulatory basis of accounting which does not recognize component units.

The District does not provide any educational services in itself but contracts for educational services with Upper Township Board of Education for K through 8 grade levels, with Ocean City Board of Education for 9 through 12 grade levels and with Atlantic County Special Services and Cape May County Special Services for special education services on an as needed basis. These services include regular and vocational and special education for handicapped students. The student count for the year ended June 30, 2014 was 70 as compared to 68 in the previous year. The District operates as a non-operating school district. As required by law, it shall maintain a board of education, a board secretary's office and a budget for its expenditures, including board operations, tuition, transportation, insurance and any other needs.

## **2) ECONOMIC CONDITION AND OUTLOOK**

The Corbin City area continues to experience limited development, which is in part due to governmental zoning and restrictions in this and neighboring communities. The modest housing construction, with an extremely limited number of new businesses or industry, continues to put additional burdens on the taxpayers of the community.

## **3) MAJOR INITIATIVES**

The Corbin City Board of Education will continue to strive for a quality education for the district's students via the sending/receiving relationships with the Upper Township Board of Education for grades pre-K through 8 students and the Ocean City Board of Education for grades 9 through 12 students. The Corbin City Board of Education will continue to develop fiscally sound and realistic budgets for the education of all resident students and the associated administrative expenses of the school district. The Corbin City Board of Education will continue to monitor special education costs of the district and will dialog, as needed, with special services departments of both receiving districts.

## **4) INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining internal control structure to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.



As a recipient of state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

## **5) BUDGETARY CONTROLS**

In addition to internal accounting controls, the District maintains budgetary controls. The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

## **6) ACCOUNTING SYSTEM AND REPORTS**

The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds explained in "Notes to the Financial Statements".

## **7) CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **8) DEBT ADMINISTRATION**

At June 30, 2014, the District had no long-term debt. As a Type I School District, all school debt is borne by the City rather than the School District.

## **9) RISK MANAGEMENT**

The District carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

## **10) OTHER INFORMATION**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Preziosi Nicholson & Associates, PA was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", and State of New Jersey Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **11) ACKNOWLEDGMENTS**

We would like to express our appreciation to the members of the Corbin School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administration and business staff.

Respectfully submitted,

***Mark A. Ritter***

Mark A. Ritter  
Interim Business Administrator

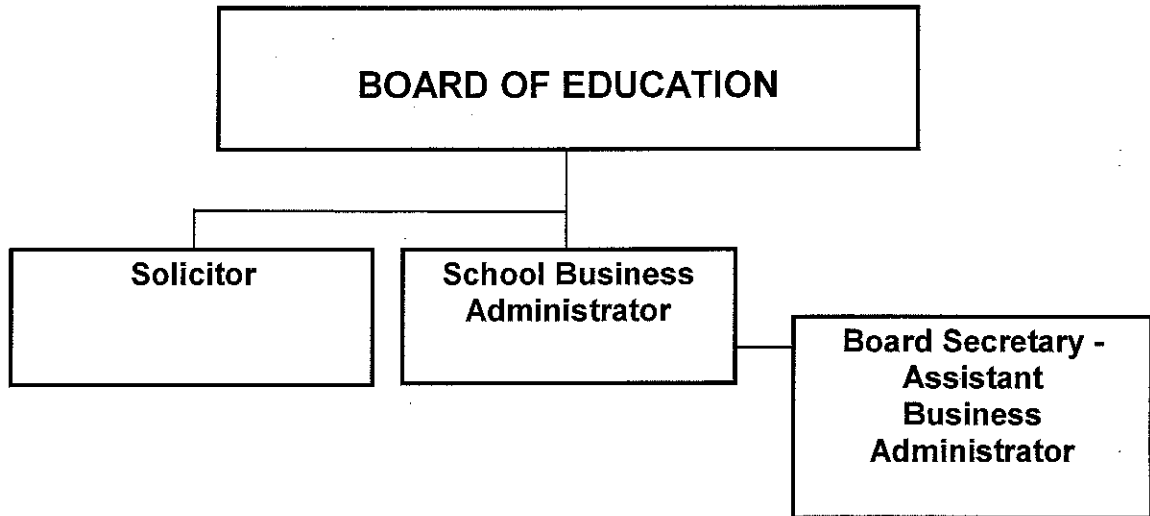
***Dana Loder***

Dana Loder  
Assistant Business Administrator/Board  
Secretary

**CORBIN CITY SCHOOL DISTRICT**

**County of Atlantic  
Corbin City, New Jersey**

**ORGANIZATIONAL CHART  
(UNIT CONTROL)**



# **CORBIN CITY SCHOOL DISTRICT**

**County of Atlantic  
Corbin City, New Jersey**

## **ROSTER OF OFFICIALS**

**June 30, 2014**

<b>Members of the Board of Education</b>		<b>Term Expires</b>
Carol Iverson	President	2016
Patricia Lynn Tyszka	Vice-President	2015
Regina Kauffmann	Board Member	2017
Candice Ochs	Board Member	2018
Vacant	Board Member	2019

### **Other Officials**

Pasquale Yacovelli	School Business Administrator
Dana Loder	Assistant Business Administrator/Board Secretary
William S. Cappuccio, Esq.	Solicitor

## **CORBIN CITY SCHOOL DISTRICT**

### **Consultants and Advisors**

#### **Attorney**

William S. Cappuccio, Esq.  
PO Box 107  
Hammonton, New Jersey 08037

#### **Audit Firm**

James M. Preziosi, MS, CPA, PSA  
Preziosi Nicholson & Associates, P.A.  
Certified Public Accountants  
1101 Wheaton Avenue  
Suite 100  
Millville, New Jersey 08332

#### **Official Depository**

Ocean City Home Bank  
1001 Asbury Avenue  
Ocean City, New Jersey 08226-0447

#### **Insurance Agent**

NJ School Boards Association Insurance Group  
450 Veterans Drive  
Burlington, New Jersey 08016

## **FINANCIAL SECTION**

# PREZIOSI • NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Honorable President and  
Members of the Board of Education  
City of Corbin City School District  
County of Atlantic  
Corbin City, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Corbin City Board of Education (a component unit of Corbin City) in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Corbin City School District in the County of Atlantic, State of New Jersey as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corbin City School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey OMB's Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2014 on our consideration of the Corbin City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corbin City School District's internal control over financial reporting and compliance.

Respectfully submitted,

**PREZIOSI • NICHOLSON & ASSOCIATES**

Certified Public Accountants

A handwritten signature in black ink, appearing to read "James M. Preziosi", with a stylized flourish at the end.

James M. Preziosi  
Certified Public Accountant  
Public School Accountant No. CS 01141

November 3, 2014  
Millville, NJ

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

## **CORBIN CITY SCHOOL DISTRICT**

### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014**

This section of the Corbin City School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

#### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2014 are as follows:

Exhibit A-1

Net Position for Governmental activities was \$778,660.

Exhibit A-2

Net Assets increased by \$91,127.

Exhibit B-1

The General Fund, fund balance as of June 30, 2014 was \$763,230 an increase of \$92,842. when compared with the beginning balance as of July 1, 2013 of \$670,388.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

1. District-Wide Financial Statements
2. Fund Financial Statements
3. Notes to Basic Financial Statements

This report also contains other supplementary information in addition to the basic financial statements.

#### **District-Wide Financial Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report net position and net financial position has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or *position*. The district-wide financial statements include the *Governmental Activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

## CORBIN CITY SCHOOL DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

#### Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. The School District uses many funds to account for a multitude of financial transactions.

The District has the following kinds of funds:

*Governmental Funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

#### DISTRICT-WIDE FINANCIAL ANALYSIS

##### Net Position

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The difference between the District's assets and liabilities is its net position.

Comparative Summary of Net Position		
	Governmental Activities	
	June 30, 2014	June 30, 2013
<b>Assets</b>		
Current and Other Assets	\$ 763,257	\$ 670,414
Capital Assets; net	15,430	17,144
Total Assets	778,687	687,558
<b>Liabilities</b>		
Other Liabilities	27	26
Total Liabilities	27	26
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	15,430	17,144
Restricted	581,904	440,037
Unrestricted	181,326	230,351
<b>TOTAL NET POSITION</b>	<u>\$ 778,660</u>	<u>\$ 687,532</u>

# CORBIN CITY SCHOOL DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

### DISTRICT-WIDE FINANCIAL ANALYSIS

#### Change in Net Position

COMPARATIVE SUMMARY OF CHANGE IN NET POSITION		
	Governmental Activities	
	June 30, 2014	June 30, 2013
General Revenues		
Property Taxes	\$ 510,842	\$ 510,842
Grants and Entitlements	692,916	686,115
Other	1,216	1,243
Total Revenues	1,204,974	1,198,200
Program Expenses		
Tuition	821,603	888,108
General and Administrative	14,597	13,848
Central Services	20,385	20,385
Plant Operations	195,000	62,004
Transportation	60,547	58,677
Depreciation	1,714	
Total Expenses	1,113,846	1,043,022
Change in Net Position	91,128	155,178
Net Position, July 1	687,532	532,354
Net Position, June 30	\$ 778,660	\$ 687,532

## CORBIN CITY SCHOOL DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As of the end of the current fiscal year, the District's governmental funds reported combining ending fund balances of:

	June 30, 2014	June 30, 2013	Change
Restricted			
Emergency Reserve	\$ 250,000	\$ 169,235	\$ 80,765
Tuition Reserve	184,715	188,451	- 3,736
Excess Surplus	90,016	75,038	14,978
Assigned			
Designated Subsequent Years	57,173	51,819	5,354
Unassigned			
General Fund	181,326	185,845	- 4,519
Total	<u>\$ 763,230</u>	<u>\$ 670,388</u>	<u>\$ 92,842</u>

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

##### Revenues

The General Fund proposed budget, estimated revenues at \$1,209,403. Actual revenues were \$1,210,502.

##### Expenditures

The General Fund adopted expenditures were budgeted at \$1,318,101. Actual expenditures were \$1,112,133.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### **Capital Assets**

At the end of fiscal year 2014, the School District had \$15,430 (net of accumulated depreciation) invested in land, building, furniture and equipment. For more detailed information, please refer to the Notes to the Financial Statements.

## **CORBIN CITY SCHOOL DISTRICT**

### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014**

#### **Debt Administration**

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the City and provision for amortization of principal and interest on the outstanding debt be included in the City budget.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a summary of the financial condition of School District. Questions concerning any of the information provided in this report should be addressed to:

School Business Administrator/Board Secretary  
City of Corbin City School District  
C/O Ocean City Board of Education  
501 Atlantic Avenue, Suite 1  
Ocean City, New Jersey 08226-3891

## **BASIC FINANCIAL STATEMENTS**



## **DISTRICT-WIDE FINANCIAL STATEMENTS**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Statement of Net Position**  
**June 30, 2014**

See Accompanying Notes to the Basic Financial Statements

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 762,074.84	\$ -	\$ 762,074.84
Accounts Receivable			
State of New Jersey	1,183.00		1,183.00
Capital Assets, Net	15,429.60		15,429.60
<b>Total Assets</b>	<u>778,687.44</u>	<u>-</u>	<u>778,687.44</u>
<b>LIABILITIES</b>			
Liabilities			
Accounts Payable	27.54		27.54
<b>Total Liabilities</b>	<u>27.54</u>	<u>-</u>	<u>27.54</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	15,429.60		15,429.60
Restricted	581,904.30		581,904.30
Unrestricted	181,326.00		181,326.00
<b>Total Net Position</b>	<u>\$ 778,659.90</u>	<u>\$ -</u>	<u>\$ 778,659.90</u>

**CORBIN CITY SCHOOL DISTRICT**  
 (A Component Unit of Corbin City)  
 Statement of Activities  
 For The Fiscal Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
<b>Governmental Activities</b>					
Support Services					
Tuition	\$ 821,603.00	\$ -	\$ -	\$ (821,603.00)	\$ (821,603.00)
General Administration	14,596.72			(14,596.72)	(14,596.72)
Central Services	20,385.00			(20,385.00)	(20,385.00)
Plant Operations and Maintenance	195,000.00			(195,000.00)	(195,000.00)
Pupil Transportation	60,547.94			(60,547.94)	(60,547.94)
Unallocated Depreciation	1,714.40			(1,714.40)	(1,714.40)
<b>Total Primary Government</b>	<b>\$ 1,113,847.06</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,113,847.06)</b>	<b>\$ (1,113,847.06)</b>
<b>General Revenues</b>					
Tax Levy				510,842.00	510,842.00
Unrestricted Federal and State Aid				692,916.00	692,916.00
Investment Earnings				1,216.50	1,216.50
Other Income				-	-
<b>Total General Revenues And Transfers</b>				<b>1,204,974.50</b>	<b>1,204,974.50</b>
<b>Change in Net Position</b>				<b>91,127.44</b>	<b>91,127.44</b>
<b>Net Position, July 1</b>				<b>687,532.46</b>	<b>687,532.46</b>
<b>Net Position, June 30</b>				<b>\$ 778,659.90</b>	<b>\$ 778,659.90</b>

## **FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2014**

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 762,074.84	\$ -	\$ -	\$ 762,074.84
Accounts Receivable				
State of New Jersey	1,183.00			1,183.00
<b>Total Assets</b>	<u>\$ 763,257.84</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,257.84</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 27.54	\$ -	\$ -	\$ 27.54
<b>Total Liabilities</b>	<u>27.54</u>	<u>-</u>	<u>-</u>	<u>27.54</u>
<b>FUNDS BALANCES</b>				
Restricted				
Emergency Reserve	250,000.00			250,000.00
Tuition Reserve	184,715.00			184,715.00
Excess Surplus	87,015.76			87,015.76
Assigned				
Designated for Subsequent Year's Expenditures	60,173.54			60,173.54
Unassigned	181,326.00			181,326.00
<b>Total Fund Balance*</b>	<u>763,230.30</u>	<u>-</u>	<u>-</u>	<u>763,230.30</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 763,257.84</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,257.84</u>
<b>Total Governmental Fund Balances</b>				\$ 763,230.30
<b>Reconciliation to Statement of Net Assets</b>				
Capital Assets				17,144.00
Accumulated Depreciation				(1,714.40)
Long-Term Liabilities				-
<b>Total Net Position - Governmental Activities</b>				<u>\$ 778,659.90</u>

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Governmental Funds**  
**Statement of Revenues, Expenses and Changes in Fund Balances**  
**For The Fiscal Year Ended June 30, 2014**

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>REVENUES</b>				
Local Sources				
Local Tax Levy	\$ 510,842.00	\$ -	\$ -	\$ 510,842.00
Interest Earned	1,216.50			1,216.50
Miscellaneous				-
	512,058.50	-	-	512,058.50
State Sources	692,916.00			692,916.00
Total Revenues	1,204,974.50	-	-	1,204,974.50
<b>EXPENDITURES</b>				
Current				
Support Services				
Tuition	821,603.00			821,603.00
General Administration	14,596.72			14,596.72
Central Services	20,385.00			20,385.00
Plant Operations and Maintenance	195,000.00			195,000.00
Pupil Transportation	60,547.94			60,547.94
Capital Outlay				-
Total Expenditures	1,112,132.66	-	-	1,112,132.66
Excess (Deficiency) of Revenues Over Expenditures	92,841.84	-	-	92,841.84
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balance	92,841.84	-	-	92,841.84
Fund Balance, July 1	670,388.46	-	-	670,388.46
Fund Balance, June 30	\$ 763,230.30	\$ -	\$ -	\$ 763,230.30

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For The Fiscal Year Ended June 30, 2014**

See Accompanying Notes to the Basic Financial Statements

Total Net Change in Fund Balances - Governmental Funds	(B-2)	\$ 92,841.84
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Amounts Reported for Governmental Activities in the Statement  
of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expense		(1,714.40)
Capital Outlays		

In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

(Increase) Decrease in Accrued Compensated Absences		-
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Change in Net Position of Governmental Activities		<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 91,127.44</div>
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**PROPRIETARY FUNDS**

None

## **FIDUCIARY FUNDS**

**None**

## **NOTES TO FINANCIAL STATEMENTS**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The Corbin City School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative controls of the District.

The financial statements of the Board of Education (Board) of the Corbin City School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

**Description of the Reporting Entity**

The Corbin City School District (hereafter referred to as the "District") is a Type I district located in the County of Atlantic, State of New Jersey. As a Type I district, the School District functions independently through a Board of Education. The Board is comprised of five members appointed by the Mayor. The District serves an area of eight square miles. The purpose of the District is to provide education for all of Corbin City's students, grade K through 12. The District is a sending district and, therefore, does not have a school facility.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds corporate powers of the organization
- The District appoints a voting majority of the organization's Board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units however, as a Type I School District would be considered a component unit of the City of Corbin City.

**Government-Wide and Fund Financial Statements**

The District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for support.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues

In regards to the fund financial statements, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type...

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**General Fund (Cont'd)**

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Budgets and Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval and are approved by the board of school estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C.6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Unencumbered appropriations lapse at fiscal year end.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Tuition Payable**

Tuition charges payable for the fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method under the full month convention over the following estimated useful lives:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
Land Improvements	10-20 Years
Building and Improvements	10-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-10 Years

**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

**Net Investment in Capital Assets** – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

**Restricted** – Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Unrestricted** – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.



**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Fund Balance**

The District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted** – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which, for the District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**Assigned** – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

**Unassigned** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other government funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the District to spend fund balances, if appropriated, in the following order: committed, assigned, then unassigned.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchanged transactions between funds are reported as revenues in the seller funds and as expenditure / expense in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates

**Recent Accounting Pronouncements**

In June 2012, GASB issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the District's financial reporting.

In June 2012, GASB issued Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District's financial reporting.

In January 2013, GASB issued Statement No. 69 Government Combinations and Disposals of Government Operations. This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In April 2013, GASB issued Statement 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68 which is effective for periods beginning after June 15, 2014, the impact of this statement on the net position of the entity is not presently determinable.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Districts' deposits might not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the District relative to the happening of a future condition. Such funds are considered uninsured and uncollateralized.

As of June 30, 2014, the District's bank balances of \$742,760.48 exposed to custodial credit risk as follows:

Insured FDIC	\$ 250,000.00
Uninsured but collateralized with bank – GUDPA	492,760.48
	<u>\$ 742,760.48</u>

**NOTE 3 TUITION RESERVE**

As permitted in N.J.A.C. 6A:23-3.1(f) the District provided a reserve for tuition. The activity of the reserve account for the year is as follows:

Beginning Balance; July 1, 2013	\$ 188,451.00
Deposits	
Board Approval	89,402.00
Withdrawals	
Approved at Election	93,138.00
	<u>184,715.00</u>
Ending Balance; June 30, 2014	<u>\$ 184,715.00</u>

**NOTE 4 EMERGENCY RESERVE**

Emergency reserve accounts may be established by New Jersey school districts for the accumulation of funds for the use of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S. A. 18A:7F-41c(1).

The activity of the reserve account for the year is as follows:

Beginning Balance; July 1, 2013	\$ 169,235.00
Deposits	
Interest Earned	100.00
Board Approval	80,665.00
Withdrawals	
Approved at Election	<u>                    </u>
Ending Balance; June 30, 2014	<u>\$ 250,000.00</u>

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Equipment	\$ 17,144.00	\$ .	\$ .	\$ 17,144.00
Less: Accumulated Depreciation		1,714.40		1,714.40
Capital Assets, Net	<u>\$ 17,144.00</u>	<u>\$ 1,714.40</u>	<u>\$ .</u>	<u>\$ 15,429.60</u>

**NOTE 6 CONTRACT WITH OCEAN CITY BOARD OF EDUCATION**

As of July 1, 1997, the District entered into a contract with the Ocean City Board of Education for the school business administrator and business office services.

**NOTE 7 LEASE COMMITMENTS**

The District entered into a three year lease for office space with the City of Corbin City. The lease covered the three years beginning July 1, 2010 to June 30, 2014. The amount of the lease was \$65,000 per year for a total of \$195,000.

**NOTE 8 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**NOTE 9 EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, the designation for Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$90,015.76.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 10      FUND BALANCES**

**Restricted**

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes, such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the District's fund balance are summarized as follows:

**General Fund**

**For Excess Surplus -** Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7 as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$87,015.76.

**For Emergency Reserve -** As of June 30, 2014, the balance in the emergency reserve account was \$250,000.00. These funds are restricted for emergency expenditures.

**For Tuition Reserve -** As of June 30, 2014, the balance in the tuition reserve account was \$184,715.00. These funds are restricted for future tuition expenditures.

**Assigned**

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the District's fund balance are summarized as follows:

**General Fund**

**Designated for Subsequent Year's Expenditures -** As of June 30, 2014, the District had \$60,173.54 designated for subsequent year's expenditures.

**Unassigned**

As stated in Note 1, the unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The District's unassigned fund balance is summarized as follows:

**General Fund**

As of June 30, 2014, \$181,326.00 of general fund balance was unassigned.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 11      CONTINGENT LIABILITIES**

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

General

Per confirmation by the District's legal counsel, there are no material pending litigation, claims, assessments or contingent liabilities against the District.

**NOTE 12      SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred as of November 3, 2014, the date that the financial statements were issued for possible disclosure and recognition in the financial statements and no items were noted for disclosure or adjustment.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

## **BUDGETARY COMPARISON SCHEDULES**



**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 510,842.00	\$ -	\$ 510,842.00	\$ 510,842.00	\$ -
Interest Earned on Investments	1,200.00	-	1,200.00	1,116.50	(83.50)
Interest Earned on Emergency Reserves	100.00	-	100.00	100.00	-
Miscellaneous		-			-
<b>Total Local Sources</b>	<b>512,142.00</b>	<b>-</b>	<b>512,142.00</b>	<b>512,058.50</b>	<b>(83.50)</b>
State Sources					
Equalization Aid	396,300.00	-	396,300.00	396,300.00	-
Categorical Transportation Aid	71,774.00	-	71,774.00	71,774.00	-
Categorical Special Education Aid	40,144.00	-	40,144.00	40,144.00	-
Categorical Security Aid	10,631.00	-	10,631.00	10,631.00	-
Adjustment Aid	178,412.00	-	178,412.00	178,412.00	-
Nonpublic Transportation Aid		-		1,183.00	1,183.00
<b>Total State Sources</b>	<b>697,261.00</b>	<b>-</b>	<b>697,261.00</b>	<b>698,444.00</b>	<b>1,183.00</b>
<b>Total Revenues</b>	<b>1,209,403.00</b>	<b>-</b>	<b>1,209,403.00</b>	<b>1,210,502.50</b>	<b>1,099.50</b>

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**

**General Fund**

**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES</b>					
Current Expense					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	739,003.00	-	739,003.00	739,003.00	-
Tuition to Other LEAs Within the State - Special	46,633.00	-	46,633.00	46,633.00	-
Tuition to County Vocational School - Regular	33,253.00	-	33,253.00	33,253.00	-
Tuition to CSSD & Regular Day Schools	127,474.00	(7,385.00)	120,089.00	2,714.00	117,375.00
Total Undistributed Expenditures - Instruction	946,363.00	(7,385.00)	938,978.00	821,603.00	117,375.00
Other Support Services - Students - Extraordinary					
Purchased Professional-Educational Services	5,000.00	-	5,000.00		5,000.00
Total Undistributed Expenditures - Students - Extraordinary	5,000.00	-	5,000.00	-	5,000.00
Other Support Services - Students - Child Study Team					
Purchased Professional-Educational Services	600.00	-	600.00		600.00
Total Undistributed Expenditures - Child Study Team	600.00	-	600.00	-	600.00
Support Services - General Administration					
Salaries					
Legal Services	6,000.00	-	6,000.00	4,000.00	2,000.00
Audit Fees	5,100.00	-	5,100.00	4,000.00	1,100.00
Miscellaneous Purchased Services (400-500 Series Other Than 530/585)	500.00	-	500.00		500.00
Other Purchased Services (400-500 series)	7,000.00	-	7,000.00	5,503.15	1,496.85
Supplies and Materials	18,000.00	-	18,000.00		18,000.00
Board of Education Training and Supplies	5,000.00	-	5,000.00	24.82	4,975.18
Board of Education Membership Dues and Fees	1,500.00	-	1,500.00	1,068.75	431.25
Total Undistributed Expenditures - Support Services - General Administration	43,100.00	-	43,100.00	14,596.72	28,503.28

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Central Services</b>					
Purchased Professional Services	22,385.00	-	22,385.00	20,385.00	2,000.00
Miscellaneous Purchased Services (400-500 Series)	500.00	-	500.00		500.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>22,885.00</b>	<b>-</b>	<b>22,885.00</b>	<b>20,385.00</b>	<b>2,500.00</b>
<b>Custodial Services</b>					
Rental of Land, Building & Other than Lease Purchase	187,615.00	7,385.00	195,000.00	195,000.00	-
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>187,615.00</b>	<b>7,385.00</b>	<b>195,000.00</b>	<b>195,000.00</b>	<b>-</b>
<b>Care and Upkeep of Grounds</b>					
Cleaning, Repair, and Maintenance Services		-			-
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Security</b>					
Purchased Professional and Technical Services		-			-
<b>Total Undistributed Expenditures - Security</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Undistributed Expenditures - Operations &amp; Maintenance of Plant</b>	<b>187,615.00</b>	<b>7,385.00</b>	<b>195,000.00</b>	<b>195,000.00</b>	<b>-</b>
<b>Student Transportation Services</b>					
Contracted Services - Aid In Lieu of Payment for Non-Public Students	6,188.00	-	6,188.00	6,188.00	-
Contracted Services - (Between Home and School) - Joint Agreements	40,724.00	-	40,724.00	37,290.55	3,433.45
Contracted Services - (Special Education Students) - Joint Agreements	65,626.00	-	65,626.00	17,069.39	48,556.61
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>112,538.00</b>	<b>-</b>	<b>112,538.00</b>	<b>60,547.94</b>	<b>51,990.06</b>

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Personal Services - Unallocated Benefits - Employee Benefits		-		-	-
Other Retirement Contributions - PERS		-		-	-
Total Personal Services - Employee Benefits					
Total Undistributed Expenditures	1,318,101.00	-	1,318,101.00	1,112,132.66	205,968.34
Total Current Expense	1,318,101.00	-	1,318,101.00	1,112,132.66	205,968.34
Emergency Reserve					
Increase in Current Expense Emergency Reserves	80,665.00	-	80,665.00		80,665.00
Interest Deposit to Emergency Reserves	100.00		100.00		100.00
Total Emergency Reserve	80,765.00	-	80,765.00	-	80,765.00
Capital Outlay					
Undistributed Expenditures - General Administrative		-			
Total Capital Outlay		-		-	-
TOTAL EXPENDITURES	1,398,866.00	-	1,398,866.00	1,112,132.66	286,733.34
Excess (Deficiency) of Revenues Over(Under) Expenditures	(189,463.00)	-	(189,463.00)	98,369.84	287,832.84
Other Financing Sources (Uses)					
Operating Transfer In (Out)					
Total Other Financing Sources (Uses)	-	-	-	-	-

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(189,463.00)	-	(189,463.00)	98,369.84	287,832.84
Fund Balance, July 1	734,717.46	-	734,717.46	734,717.46	-
Fund Balance, June 30	\$ 545,254.46	\$ -	\$ 545,254.46	\$ 833,087.30	\$ 287,832.84
Recapitulation					
Restricted Fund Balance				\$ 250,000.00	
Emergency Reserve				184,715.00	
Tuition Reserve					
Excess Surplus				56,483.30	
Current Year				30,532.46	
Designated for Subsequent Year's Expenditures				60,173.54	
Assigned Fund Balance				251,183.00	
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance					
Reconciliation to Governmental Funds Statements (GAAP)				833,087.30	
Last State Aid Payment Not Recognized on GAAP Basis				(69,857.00)	
Fund Balance Per Governmental Funds (GAAP)				\$ 763,230.30	

**NOTES TO REQUIRED  
SUPPLEMENTARY INFORMATION**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit Corbin City)**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For The Fiscal Year Ended June 30, 2014**

**Note A - Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (Budgetary Basis) revenue from the Budgetary Comparison Schedule	\$ 1,210,502.50	
Difference - Budget to GAAP Grant accounting Budgetary Basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
Encumbrances		
June 30, 2013	-	
June 30, 2014	-	
State Aid payment recognized for budgetary purposes, not recognized for GAAP purposes.		
State Aid Payment		
June 30, 2013	64,329.00	
June 30, 2014	<u>(69,857.00)</u>	
Total revenues as reported on the Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 1,204,974.50</u>	<u>\$ -</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (Budgetary Basis) total outflows from the Budgetary Comparison Schedule	\$ 1,112,132.66	
Differences - Budget to GAAP Encumbrances for supplies and equipment ordered but not received are recorded in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Encumbrances		
June 30, 2013	-	
June 30, 2014	<u>-</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u>\$ 1,112,132.66</u>	<u>\$ -</u>

## **OTHER SUPPLEMENTARY INFORMATION**



## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

**NONE**

The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

## **CAPITAL PROJECTS FUND**

**NONE**

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

## **PROPRIETARY FUNDS**

**NONE**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent is that the costs of providing goods or services be financed through user charges.

## **FIDUCIARY FUNDS**

**NONE**

Fiduciary Funds are used to account for funds received by the District for a specific purpose. Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, and other governments and/or other funds.

## **LONG-TERM DEBT**

**NONE**

The District is a Type I School District, the City of Corbin City is responsible for the debt of the District.

## **STATISTICAL SECTION**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Statistical Section**  
**Introduction to the Statistical Section**

**Financial Trends**

- J-1      These schedules contain trend information to help the reader understand how the
- J-2      District's financial performance and well being have changed over time.
- J-3
- J-4
- J-5

**Revenue Capacity**

- J-6      These schedules contain information to help the reader assess the District's most
- J-7      significant local revenue source, the property tax.
- J-8
- J-9

**Debt Capacity**

- J-10     These schedules present information to help the reader assess the affordability of the
- J-11     District's current levels of outstanding debt and the District's ability to issue additional debt
- J-12     in the future.
- J-13

**Demographic and Economic Information**

- J-14     These schedules offer demographic and economic indicators to help the reader
- J-15     understand the environment within which the District's financial activities take place.

**Operating Information**

- J-16     These schedules contain service and infrastructure data to help the reader understand
- J-17     how the information in the District's financial report relates to the services the District
- J-18     provides and the activities it performs.
- J-19
- J-20

**Sources:**      *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.*

## FINANCIAL TRENDS

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Net Position By Component**  
Source: CAFR A-1

	Fiscal Year Ended									
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
Governmental Activities										
Capital Assets, net of related debt	\$ 15,429.60	\$ 17,144.00	\$ -	\$ -	\$ 578,822.00	\$ 600,314.00	\$ 621,806.00	\$ 643,298.00	\$ 664,790.00	\$ 686,282.00
Restricted	581,904.30	484,543.46	349,127.90	213,185.00	120,467.00	171,773.00	224,878.00	252,673.00	270,155.00	-
Unrestricted	181,326.00	185,845.00	183,226.00	180,306.41	193,402.00	70,696.00	174,322.00	112,569.00	73,769.00	37,689.00
	<u>\$ 778,659.90</u>	<u>\$ 687,532.46</u>	<u>\$ 532,353.90</u>	<u>\$ 393,491.41</u>	<u>\$ 892,691.00</u>	<u>\$ 842,783.00</u>	<u>\$ 1,021,006.00</u>	<u>\$ 1,008,540.00</u>	<u>\$ 1,008,714.00</u>	<u>\$ 723,971.00</u>
Business-Type Activities										
Capital Assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District-Wide										
Capital Assets, net of related debt	\$ 15,429.60	\$ 17,144.00	\$ -	\$ -	\$ 578,822.00	\$ 600,314.00	\$ 621,806.00	\$ 643,298.00	\$ 664,790.00	\$ 686,282.00
Restricted	581,904.30	484,543.46	349,127.90	213,185.00	120,467.00	171,773.00	224,878.00	252,673.00	270,155.00	-
Unrestricted	181,326.00	185,845.00	183,226.00	180,306.41	193,402.00	70,696.00	174,322.00	112,569.00	73,769.00	37,689.00
	<u>\$ 778,659.90</u>	<u>\$ 687,532.46</u>	<u>\$ 532,353.90</u>	<u>\$ 393,491.41</u>	<u>\$ 892,691.00</u>	<u>\$ 842,783.00</u>	<u>\$ 1,021,006.00</u>	<u>\$ 1,008,540.00</u>	<u>\$ 1,008,714.00</u>	<u>\$ 723,971.00</u>

**CORBIN CITY SCHOOL DISTRICT**  
(A Component Unit of Corbin City)  
Changes in Net Position  
Source: CAFR A-2

	Fiscal Year Ended									
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education	-	-	-	-	-	-	-	-	-	-
School Sponsored Activities	-	-	-	-	-	-	-	-	-	-
Other Special	-	-	-	-	-	-	-	-	-	-
Support Services										
Tuition	821,603.00	888,108.20	966,320.60	1,258,547.66	1,348,789.00	1,489,028.00	1,418,429.00	1,425,008.00	1,218,815.00	1,269,200.00
Student and Instruction	-	675.00	4,955.00	3,165.34	-	1,600.00	4,010.00	1,860.00	1,200.00	2,070.00
General Administration	14,596.72	13,172.91	12,451.84	17,576.23	21,888.00	19,719.00	16,702.00	16,273.00	17,163.00	21,009.00
Central Services	20,385.00	20,390.00	20,390.00	20,385.00	20,388.00	20,577.00	20,385.00	20,402.00	16,908.00	-
Operations and Maintenance	195,000.00	62,003.64	-	48,541.16	24,882.00	6,048.00	5,515.00	5,817.00	5,005.00	22,636.00
Pupil Transportation	60,547.94	58,677.52	66,367.28	50,693.51	66,230.00	93,671.00	110,725.00	74,811.00	42,040.00	105,124.00
Employee Benefits	-	-	389.00	1,167.52	1,449.00	1,373.00	25,237.00	25,425.00	26,278.00	42,179.00
Unallocated Depreciation	1,714.40	-	-	-	21,492.00	21,492.00	21,492.00	21,492.00	21,492.00	21,492.00
	<u>1,113,847.06</u>	<u>1,043,027.27</u>	<u>1,070,873.72</u>	<u>1,400,076.42</u>	<u>1,505,118.00</u>	<u>1,653,508.00</u>	<u>1,622,495.00</u>	<u>1,591,088.00</u>	<u>1,348,901.00</u>	<u>1,483,710.00</u>
Total District-Wide Expenses	<u>\$ 1,113,847.06</u>	<u>\$ 1,043,027.27</u>	<u>\$ 1,070,873.72</u>	<u>\$ 1,400,076.42</u>	<u>\$ 1,505,118.00</u>	<u>\$ 1,653,508.00</u>	<u>\$ 1,622,495.00</u>	<u>\$ 1,591,088.00</u>	<u>\$ 1,348,901.00</u>	<u>\$ 1,483,710.00</u>

**CORBIN CITY SCHOOL DISTRICT**  
(A Component Unit of Corbin City)  
Changes in Net Position (Continued)  
Source: CAFR A-2

	Fiscal Year Ended									
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
<b>Program Revenues</b>										
Governmental Activities										
Charges For Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,680.00	\$ 24,067.00	\$ -	\$ -
Grants and Contributions	-	-	-	-	-	-	-	-	40,153.00	59,847.00
Total Governmental Activities	-	-	-	-	-	-	23,680.00	24,067.00	40,153.00	59,847.00
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (1,113,847.06)	\$ (1,043,027.27)	\$ (1,070,873.72)	\$ (1,400,076.42)	\$ (1,505,118.00)	\$ (1,653,508.00)	\$ (1,598,815.00)	\$ (1,567,021.00)	\$ (1,308,748.00)	\$ (1,423,863.00)
Total District-Wide Net Expense	\$ (1,113,847.06)	\$ (1,043,027.27)	\$ (1,070,873.72)	\$ (1,400,076.42)	\$ (1,505,118.00)	\$ (1,653,508.00)	\$ (1,598,815.00)	\$ (1,567,021.00)	\$ (1,308,748.00)	\$ (1,423,863.00)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Local Tax Levy	510,842.00	510,842.00	510,842.00	786,464.00	786,464.00	786,464.00	759,100.00	763,006.00	794,617.00	740,776.00
Unrestricted Grants	692,916.00	686,115.00	696,312.00	684,536.00	755,257.00	721,645.00	732,190.00	711,022.00	743,198.00	752,732.00
Investment Earnings	1,216.50	1,243.83	1,988.21	4,322.71	3,709.00	4,291.00	5,733.00	5,372.00	3,154.00	2,467.00
Miscellaneous Income	-	-	594.00	4,376.75	9,596.00	885.00	114,258.00	90,010.00	52,522.00	(23,887.00)
Cancellation of Receivable	-	-	-	-	-	(38,000.00)	-	(2,563.00)	-	(24,262.00)
Transfers to Charter Schools	-	-	-	-	-	-	-	-	-	-
Transfer of Capital Assets	-	-	-	(578,822.00)	-	-	-	-	-	-
Total Governmental Activities	1,204,974.50	1,198,200.83	1,209,736.21	900,877.46	1,555,026.00	1,475,285.00	1,611,281.00	1,566,847.00	1,593,491.00	1,447,836.00
<b>Change in Net Position</b>										
Governmental Activities	\$ 91,127.44	\$ 155,173.56	\$ 138,862.49	\$ (499,198.96)	\$ 49,908.00	\$ (178,223.00)	\$ 12,466.00	\$ (174.00)	\$ 284,743.00	\$ 23,973.00
Total District-Wide	\$ 91,127.44	\$ 155,173.56	\$ 138,862.49	\$ (499,198.96)	\$ 49,908.00	\$ (178,223.00)	\$ 12,466.00	\$ (174.00)	\$ 284,743.00	\$ 23,973.00

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Fund Balances - Governmental Funds**  
**Source: CAFR B-1**

**Exhibit J-3**  
**Unaudited**

	Fiscal Year Ended										
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	
General Fund											
Restricted	\$ 524,730.76	\$ 432,724.36	\$ 330,288.90	\$ 194,877.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Committed											
Assigned	57,173.54	51,819.10	2,020.00	18,308.00							
Unassigned	181,326.00	185,845.00	200,045.00	180,306.41							
Reserved					120,467.00	171,773.00	224,878.00	283,916.00	270,155.00	-	
Unreserved					193,402.00	70,696.00	174,322.00	81,326.00	73,769.00	37,689.00	
Total General Fund	\$ 763,230.30	\$ 670,388.46	\$ 532,353.90	\$ 393,491.41	\$ 313,869.00	\$ 242,469.00	\$ 399,200.00	\$ 365,242.00	\$ 343,924.00	\$ 37,689.00	
All Other Governmental Funds											
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unreserved, Reported in											
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-	
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-	
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	
Permanent Fund	-	-	-	-	-	-	-	-	-	-	
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	



**CORBIN CITY SCHOOL DISTRICT**  
(A component Unit of Corbin City)  
**Changes in Fund Balances - Governmental Funds**  
Source: CAFR B-2

	Fiscal Year Ended									
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
<b>Revenues</b>										
Local Tax Levy	\$ 510,842.00	\$ 510,842.00	\$ 510,842.00	\$ 786,464.00	\$ 786,464.00	\$ 786,464.00	\$ 759,100.00	\$ 763,006.00	\$ 794,617.00	\$ 740,776.00
Rent	-	-	-	-	-	-	96,000.00	90,000.00	-	-
Interest Earned	1,216.50	1,243.83	1,988.21	4,322.71	3,709.00	4,291.00	5,733.00	5,372.00	3,154.00	2,467.00
Miscellaneous	-	-	594.00	4,376.75	9,596.00	885.00	18,258.00	10.00	52,522.00	365.00
Federal Sources	-	-	-	-	108,448.00	-	-	-	-	-
State Sources	692,916.00	686,115.00	696,312.00	684,536.00	646,809.00	721,645.00	755,870.00	735,089.00	783,351.00	812,579.00
<b>Total Revenues</b>	<b>1,204,974.50</b>	<b>1,198,200.83</b>	<b>1,209,736.21</b>	<b>1,479,699.46</b>	<b>1,555,026.00</b>	<b>1,513,285.00</b>	<b>1,634,961.00</b>	<b>1,593,477.00</b>	<b>1,633,644.00</b>	<b>1,556,187.00</b>
<b>Expenditures</b>										
Instruction	-	-	-	-	-	-	-	-	-	-
Regular	-	-	-	-	-	-	-	-	-	-
Support Services	-	-	-	-	-	-	-	-	-	-
Tuition	821,603.00	888,108.20	966,320.60	1,258,547.66	1,348,789.00	1,489,028.00	1,418,429.00	1,425,008.00	1,218,815.00	1,269,200.00
Student and Instruction	-	675.00	4,955.00	3,165.34	-	1,600.00	4,010.00	1,860.00	1,200.00	2,070.00
General Administration	14,596.72	13,172.91	12,451.84	17,576.23	21,888.00	19,719.00	16,702.00	16,273.00	17,163.00	21,009.00
School Administrative	-	-	-	-	-	-	-	-	-	-
Central Services	20,385.00	20,385.00	20,390.00	20,385.00	20,388.00	20,577.00	20,385.00	20,402.00	16,908.00	-
Facility	195,000.00	62,003.64	-	48,541.16	24,882.00	6,048.00	5,515.00	5,817.00	5,005.00	22,636.00
Pupil Transportation	60,547.94	58,677.52	66,367.28	50,693.51	66,230.00	93,671.00	110,725.00	74,811.00	42,040.00	105,124.00
Other Support Services	-	-	-	-	-	-	-	-	1,243.00	16,868.00
Employee Benefits	-	-	389.00	1,167.52	1,449.00	1,373.00	25,237.00	25,425.00	25,035.00	25,311.00
Capital Outlay	-	17,144.00	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,112,132.66</b>	<b>1,060,166.27</b>	<b>1,070,873.72</b>	<b>1,400,076.42</b>	<b>1,483,626.00</b>	<b>1,632,016.00</b>	<b>1,601,003.00</b>	<b>1,569,596.00</b>	<b>1,327,409.00</b>	<b>1,462,218.00</b>
Excess (Deficiency) of Revenues Over Expenditures	92,841.84	138,034.56	138,862.49	79,623.04	71,400.00	(118,731.00)	33,958.00	23,881.00	306,235.00	93,969.00
<b>Other Financing Sources (Uses)</b>										
Cancellation of Receivable	-	-	-	-	-	(38,000.00)	-	(2,563.00)	-	-
Transfers Out	-	-	-	-	-	-	-	(2,563.00)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,000.00)</b>	<b>-</b>	<b>(2,563.00)</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>\$ 92,841.84</b>	<b>\$ 138,034.56</b>	<b>\$ 138,862.49</b>	<b>\$ 79,623.04</b>	<b>\$ 71,400.00</b>	<b>\$ (156,731.00)</b>	<b>\$ 33,958.00</b>	<b>\$ 21,318.00</b>	<b>\$ 306,235.00</b>	<b>\$ 93,969.00</b>

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**General Fund - Other Local Revenue By Source**  
*Source: District Records*

**Exhibit J-5**  
**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Prior Year Orders Cancelled</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Totals</u>
2005	2,467.00			365.00	2,832.00
2006	3,154.00		52,000.00	522.00	55,676.00
2007	5,372.00		90,000.00	10.00	95,382.00
2008	5,733.00		96,000.00	18,258.00	119,991.00
2009	4,291.00			885.00	5,176.00
2010	3,709.00			9,596.00	13,305.00
2011	4,322.71			4,376.75	8,699.46
2012	1,988.21			594.00	2,582.21
2013	1,243.83				1,243.83
2014	1,216.50				1,216.50

## REVENUE CAPACITY

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Assessed Value and Actual Value of Taxable Property**  
*Source: Municipal Tax Assessor*

Fiscal Year Ended June 30,	Vacant Land	Improvements	Total Taxable Value of Land & Improvements	Total Partial Exemptions & Abatements	Net Total Taxable Value of Land & Improvements	Taxable Value of Locally Assessed Personal Property	Net Valuation Taxable	Estimated Actual County Equalized Value	Total District School Tax Rate
2005	1,905,800	27,249,600	29,155,400		29,155,400	122,625	29,278,025	28,012,490	2.714
2006	1,845,200	28,091,300	29,936,500		29,936,500	114,001	30,050,501	28,935,783	2.539
2007	1,753,500	27,671,300	29,424,800		29,424,800	74,674	29,499,474	46,915,878	2.573
2008	1,742,000	28,746,900	30,488,900		30,488,900	57,400	30,546,300	69,937,165	2.575
2009	1,727,000	30,246,100	31,973,100		31,973,100	80,200	32,053,300	56,382,917	2.454
2010	1,684,500	30,963,100	32,647,600		32,647,600	79,300	32,726,900	56,382,917	2.403
2011	9,904,400	23,446,600	33,351,000		33,351,000	69,700	33,420,700	46,979,498	1.528
2012	10,479,600	23,576,400	34,056,000		34,056,000	48,968	34,104,968	65,116,906	1.497
2013	10,530,800	23,725,200	34,256,000		34,256,000	72,728	34,328,728	55,831,499	1.488
2014	10,617,800	23,836,700	34,454,500		34,454,500	70,075	34,524,575	51,865,853	1.480

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Direct and Overlapping Property Tax Rates**  
*Source: Municipal Tax Collector*

**Exhibit J-7**  
**Unaudited**

Fiscal Year Ended June 30,	Corbin City School District			Overlapping Rates			Total Direct and Overlapping Tax Rates
	Basic Rate	Debt Service	Total	Local	County	Other	
2005	2.714	0.000	2.714	0.272	0.410	0.000	3.396
2006	2.539	0.000	2.539	0.272	0.351	0.000	3.162
2007	2.573	0.000	2.573	0.267	0.489	0.000	3.349
2008	2.575	0.000	2.575	0.277	0.657	0.000	3.509
2009	2.454	0.000	2.454	0.207	0.526	0.000	3.187
2010	2.403	0.000	2.403	0.258	0.555	0.000	3.216
2011	1.528	0.000	1.528	0.458	0.509	0.000	2.495
2012	1.497	0.000	1.497	0.363	0.717	0.000	2.577
2013	1.488	0.000	1.488	0.364	0.765	0.000	2.617
2014	1.480	0.000	1.480	0.366	0.715	0.000	2.561

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Principal Property Taxpayers**  
*Source: Municipal Tax Assessor*

**Exhibit J-8**  
**Unaudited**

	2014			2005		
	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank
Mar-Jer Inc						
Taxpayer 1		751,600	1	2.18%		
Taxpayer 2		745,000	2	2.16%		
Taxpayer 3		496,900	3	1.44%		
Taxpayer 4		445,100	4	1.29%		
Taxpayer 5		392,100	5	1.14%		
Taxpayer 6		351,500	6	1.02%		
Taxpayer 7		344,800	7	1.00%		
Taxpayer 8		343,500	8	0.99%		
Taxpayer 9		342,900	9	0.99%		
Taxpayer 10		341,600	10	0.99%		

**INFORMATION NOT AVAILABLE**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Property Tax Levies and Collections**  
*Source: District Records*

**Exhibit J-9**  
**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>School Taxes Levied for the Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Percentage of Tax Levy Collections</u>
2005	740,776.00	740,776.00	100.00%
2006	794,617.00	794,617.00	100.00%
2007	763,006.00	763,006.00	100.00%
2008	759,100.00	759,100.00	100.00%
2009	786,464.00	786,464.00	100.00%
2010	786,464.00	786,464.00	100.00%
2011	786,464.00	786,464.00	100.00%
2012	510,842.00	510,842.00	100.00%
2013	510,842.00	510,842.00	100.00%
2014	510,842.00	510,842.00	100.00%

## DEBT CAPACITY



**CORBIN CITY SCHOOL DISTRICT**  
(A Component Unit of Corbin City)  
**Ratio of Outstanding Debt By Type**  
*Source: District Records*

Fiscal Year Ended June 30,	Governmental Activities			Business-Type		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases			

In accordance with statutes governing Type I School Districts, the bonded debt is assumed by the City and provision for amortization of principal and interest on the outstanding debt is included

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Ratios of General Bonded Debt Outstanding**  
*Source: District Records*

**Exhibit J-11**  
**Unaudited**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita</u>
			-		
			-		
			-		

In accordance with statutes governing Type I School Districts, the bonded debt is assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Direct and Overlapping Governmental Activities Debt**  
*Source: District Records*

**Exhibit J-12**  
**Unaudited**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of the School District	\$ -	100.00%	\$ -
Debt Repaid With Property Taxes Local Municipality	\$ 310,384.00	100.00%	310,384.00
Other Debt County of Atlantic	\$ 141,977,411.00	0.13%	<u>184,570.63</u>
Total Direct and Overlapping Debt			<u>\$ 494,954.63</u>

In accordance with statutes governing Type I School Districts, the bonded debt is assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Legal Debt Margin Information**  
*Source: District Records*

**Exhibit J-13**  
**Unaudited**

	Year	Equalized Valuation Basis							
	2011	\$ 63,610,528							
	2012	55,285,714							
	2013	51,373,725							
		<u>\$ 170,269,967</u>							
		<u>\$ 56,756,656</u>							
Average Equalized Valuation of Taxable Property									
School Borrowing Margin									
Average Equalized Valuation of Taxable Property		\$ 56,756,656							
		3.00%							
Net Bonded School Debt									
		1,702,700							
Legal Debt Margin									
		<u>\$ 1,702,700</u>							
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 827,673	\$ 847,457	\$ 1,038,763	\$ 1,429,553	\$ 1,685,073	\$ 1,762,782	\$ 1,559,086	\$ 1,647,900	\$ 1,647,900
Total Net Debt Applicable Limit	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 827,673</u>	<u>\$ 847,457</u>	<u>\$ 1,038,763</u>	<u>\$ 1,429,553</u>	<u>\$ 1,685,073</u>	<u>\$ 1,762,782</u>	<u>\$ 1,559,086</u>	<u>\$ 1,647,900</u>	<u>\$ 1,647,900</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

In accordance with statutes governing Type I School Districts, the bonded debt is assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Demographic and Economic Statistics**  
*Source: NJ Department of Labor*

**Exhibit J-14**  
**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>School District Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	526	18,844,476	35,826	3.60%
2006	525	19,526,850	37,194	4.00%
2007	518	18,587,394	35,883	4.00%
2008	520	20,714,200	39,835	5.00%
2009	531	21,786,930	41,030	9.10%
2010	540	22,820,940	42,261	8.50%
2011	540	21,145,860	39,159	9.30%
2012	491	19,515,286	39,746	9.40%
2013	502	20,211,524	40,262	9.80%
2014	493	20,754,807	42,099	11.60%

**Source:**

Population information provided by the NJ Dept of Labor and Workforce Development

Information Not Available
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## **Operating Information**



**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Full-Time Equivalent District Employees By Function/Program**  
*Source: District Personnel Records*

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular										
Special Education										
Other Special Education										
Support Services										
Student Related										
General Administrative	2	2	2	2	1	1	1	-	-	-
School Administrative										
Business Administrative										
Plant Operation										
Other										
Food Service										
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CORBIN CITY SCHOOL DISTRICT**  
(A Component Unit of Corbin City)  
**Operating Statistics**  
Source: District Records

Fiscal Year Ended June 30,	K-12 Enrollment	Operating Expenditures	Cost Per Pupil	% Change	Teaching Staff	Enrollment	Average Daily Attendance	% Change in Average Daily Attendance	Student Attendance Percentage
2005	114.0	1,462,218	12,826	5.06%					
2006	105.0	1,327,409	12,642	-1.44%					
2007	93.0	1,569,596	16,877	33.50%					
2008	96.0	1,601,003	16,677	-1.19%					
2009	97.0	1,632,016	16,825	0.89%					
2010	76.5	1,483,626	19,394	15.27%					
2011	70.0	1,400,076	20,001	3.13%					
2012	66.0	1,070,874	16,225	-18.88%					
2013	68.0	1,043,022	15,339	-5.47%					
2014	67.0	1,113,847	16,625	8.38%					

Not Applicable

**CORBIN CITY SCHOOL DISTRICT**  
(A Component Unit of Corbin City)  
School Building Information  
Source: District Records

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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During the 2010-2011 school year, the District transferred ownership of the Carl Road Schools and property to the City of Corbin City.

**CORBIN CITY SCHOOL DISTRICT**  
(A Component Unit of Corbin City)  
**Schedule of Required Maintenance for School Facilities**  
Source: District Records

**Undistributed Expenditures - Required Maintenance for School Facilities**

Facilities	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Building	\$ 11,189.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total School Facilities	11,189.00	-	-	-	-	-	-	-	-	-
Other Facilities										
Grand Total	\$ 11,189.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Insurance Schedule**  
*Source: District Records*

**Exhibit J-20**  
**Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
NJ School Board Association Insurance Group	<b>Crime</b>		
	Public Employees' Faithful Performance	25,000	500
	Theft, Disappearance and Destruction	5,000	500
	Forgery or Alteration	25,000	500
	Dana Loder	110,000	1,000
	<b>Comprehensive General Liability</b>		
	Bodily Injury and Property Damage	6,000,000	1,000
	Terrorism	1,000,000	
	Automobile		
	Comprehensive Automobile Liability	6,000,000	1,000

## **SINGLE AUDIT SECTION**

# PREZIOSI • NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-1

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITORS' REPORT

Honorable President and  
Members of the Board of Education  
Corbin City School District  
County of Atlantic  
Corbin City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Corbin City School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corbin City School District's basic financial statements and have issued our report thereon dated November 3, 2014.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corbin City School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corbin City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**PREZIOSI • NICHOLSON & ASSOCIATES**  
Certified Public Accountants

James M. Preziosi  
Certified Public Accountant  
Public School Accountant No. CS 01141

November 3, 2014  
Millville, NJ



# PREZIOSI • NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-2

## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROLS OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR 04-04-OMB

### INDEPENDENT AUDITORS' REPORT

Honorable President and  
Members of the Board of Education  
Corbin City School District  
County of Atlantic  
Corbin City, New Jersey

#### Report on Compliance for Each Major State Program

We have audited the Corbin City School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the District's major state programs for the fiscal year ended June 30, 2014. The District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the District's compliance.

## **Opinion on Each Major State Program**

In our opinion the Corbin City School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state program for the year ended June 30, 2014.

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04.**

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the Corbin City School District as of and for the year ended June 30, 2014, and have issued our report thereon dated November 3, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

**PREZIOSI • NICHOLSON & ASSOCIATES**

Certified Public Accountants

A handwritten signature in black ink, appearing to read "James M. Preziosi", with a stylized flourish at the end.

James M. Preziosi

Certified Public Accountant

Public School Accountant No. CS 01141

November 3, 2014

Millville, NJ

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Expenditures of Federal Awards**  
**Schedule A**  
**For The Fiscal Year Ended June 30, 2014**

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period	Balance at June 30, 2013	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2014	
									Accounts Receivable	Due to Grantor
No Federal Awards				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Expenditures of State Financial Assistance**  
**Schedule B**  
**For The Fiscal Year Ended June 30, 2014**

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

State Grantor/Program Title	Grant or Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Balance at June 30, 2014		(MEMO) Delayed State Aid Payment
							(Accounts Receivable)	Due to Grantor	
State Department of Education									
General Fund									
Adjustment Aid	14-495-034-5120-085	07/01/13-06/30/14	\$ 178,412.00	\$ -	\$ 108,555.00	\$ 178,412.00	\$ (69,857.00)	\$ -	\$ (69,857.00)
Equalization Aid	14-495-034-5120-078	07/01/13-06/30/14	396,300.00		396,300.00	396,300.00			
Equalization Aid	13-495-034-5120-078	07/01/12-06/30/13	374,812.00	(64,329.00)	64,329.00				
Security Aid	14-495-034-5120-084	07/01/13-06/30/14	10,631.00		10,631.00	10,631.00			
Transportation Aid	14-495-034-5120-014	07/01/13-06/30/14	71,774.00		71,774.00	71,774.00			
Special Education Aid	14-495-034-5120-089	07/01/13-06/30/14	40,144.00		40,144.00	40,144.00			
Nonpublic Transportation Aid	14-495-034-5120-014	07/01/13-06/30/14	1,183.00		-		(1,183.00)		
Nonpublic Transportation Aid	13-495-034-5120-014	07/01/12-06/30/13	174.00	(174.00)	174.00				
<b>Total State Financial Assistance</b>				<b>\$ (64,503.00)</b>	<b>\$ 691,907.00</b>	<b>\$ 698,444.00</b>	<b>\$ (71,040.00)</b>	<b>\$ -</b>	<b>\$ (69,857.00)</b>

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Schedules of Awards and Financial Assistance**  
**June 30, 2014**

**NOTE 1            GENERAL**

The accompanying Schedules of Expenditures of Awards and Financial Assistance include federal and state award activity of the Board of Education of the Corbin City School District. The Board of Education is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2            BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3            RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

See Exhibit C-3, the Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Notes to Schedules of Awards and Financial Assistance**  
**June 30, 2014**

**NOTE 3      RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**

Awards and financial assistance revenues are reported in the basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 692,916.00	\$ 692,916.00
Total GAAP	-	692,916.00	692,916.00
Budgetary Adjustments			
State Aid Payment			
Current Year		69,857.00	69,857.00
Prior Year		(64,329.00)	(64,329.00)
Total Budgetary	<u>\$ -</u>	<u>\$ 698,444.00</u>	<u>\$ 698,444.00</u>

**NOTE 4      RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5      MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2014**

**PART 1 - SUMMARY OF AUDITORS' RESULTS****Financial Statements**

- A. Type of auditors' report issued:  
**Unmodified**
- B. Internal control over financial reporting:
1. Material weakness(es) identified?  
**No**
  2. Significant deficiency(ies) identified?  
**None Reported**
- C. Noncompliance material to financial statements noted?  
**No**

**Federal Awards Section**

***This Section Not Applicable***

**State Financial Assistance**

- A. Dollar threshold used to determine Type A and Type B programs.  
**\$300,000.00**
- B. Auditee qualified as low-risk auditee?  
**Yes**
- C. Type of auditors' report on compliance for major programs.  
**Unmodified**
- D. Internal control over major programs:
1. Material weakness(es) identified?  
**No**
  2. Significant deficiency(ies) identified?  
**None Reported**
- E. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 or New Jersey Circular 04-04-OMB?  
**No**
- F. Identification of major programs.

<u>GMIS Number(s)</u>	<u>Program Type</u>	<u>Name of State Program</u>
495-034-5120-078	A	State Aid Public
495-034-5120-089	B	Equalization Aid
495-034-5120-084	B	Special Education Categorical Aid
495-035-5120-085	B	Security Aid
		Adjustment Aid



**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2014**

**PART 2 - SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**None**

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2014**

**PART 3 - SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs as required by US OMB Circular A-133 and New Jersey Circular 04-04-OMB.

**FEDERAL AWARDS**

This Section Does Not Apply

**STATE FINANCIAL ASSISTANCE**

None

**CORBIN CITY SCHOOL DISTRICT**  
**(A Component Unit of Corbin City)**  
**Summary Schedule of Prior-Year Findings and**  
**Questioned Costs as Prepared by Management**  
**For The Fiscal Year Ended June 30, 2014**

This section identifies the status of prior year findings related to the financial statements of Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, US OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

None

**FEDERAL AWARDS**

None

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None